

Projektengagemang Sweden (publ)

Interim Report, April - June 2020

Per-Arne Gustavsson, CEO

Peter Sandberg, CFO

Business highlights Q2

- EBITA margin improvement trend continues – back to targeted levels
- Strong organic growth in Civil Engineering & Infrastructure
- Strategic initiatives 2019 delivers on target
 - Efficiency - increased utilisation rate and sales synergies
 - Cost savings - SEK 70 million full year 2020 vs 2019
 - One PE - collaboration, systems and brand
- Covid-19 actions to mitigate business impact
 - Short-time work
 - Increased digitalization



New contracts

- Multi-year framework agreement with Skövde municipality regarding architectural services
- Renewed agreement in energy coordination at Danderyds Hospital to achieve 'Miljöbyggnad Silver'
- Comprehensive undertaking to plan and design the construction of Närlundaskolan in Askersund municipality



Group financial summary Q2

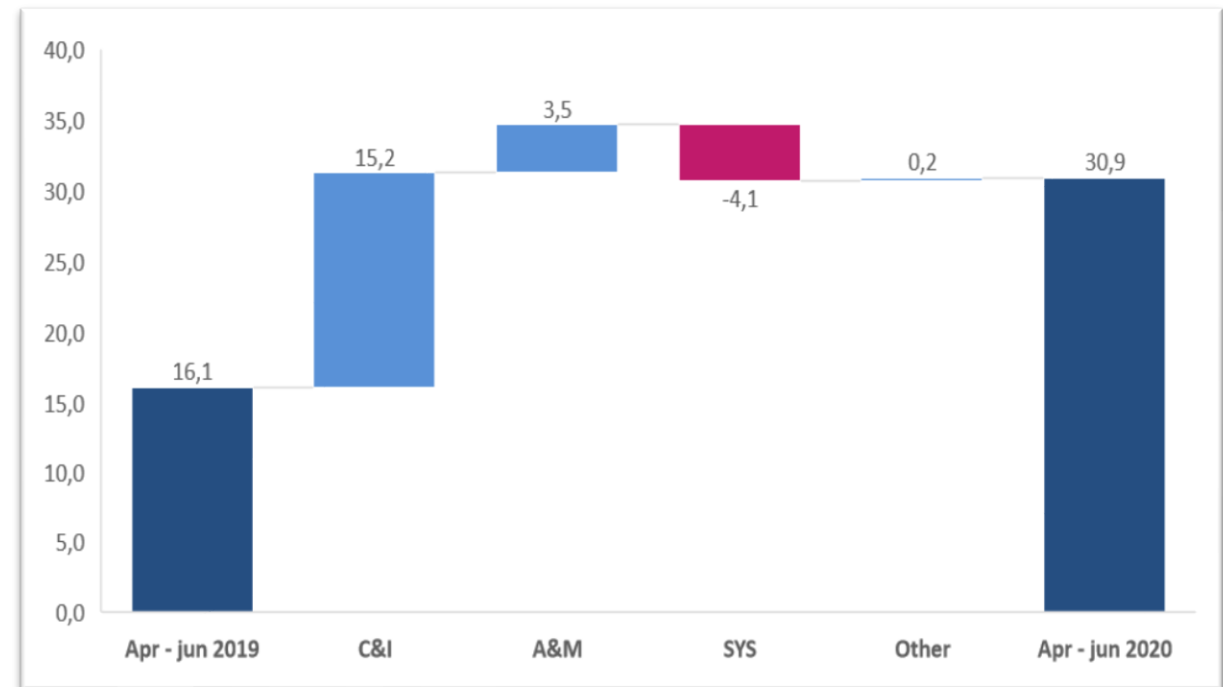
- EBITA increased to 30.9 SEK (16.1) million
- EBITA margin was 9.7 (4.4) %
- Net revenue decreased 12 % to SEK 320 (362) million due to staff reductions during 2019 in underperforming units and effects of covid-19

Group summary

SEK million	3 months		6 months		12 months	
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	320.0	361.6	661.0	732.0	1,348.4	1,277.4
EBITA (adjusted earnings)	30.9	16.1	59.9	29.6	9.2	39.4
EBITA margin, % (adjusted earnings)	9.7	4.4	9.1	4.0	0.7	3.1
Operating profit/loss, EBIT (adjusted earnings)	28.1	13.2	54.2	26.6	0.5	28.1
Operating margin, % (adjusted earnings)	8.8	3.7	8.2	3.6	0.0	2.2
Earnings per share for the period, SEK (there is no dilution effect).	0.73	0.33	1.40	0.67	-1.62	-0.88
Net receivables (-)/debt ¹	278.6	390.9	278.6	390.9	400.2	278.6

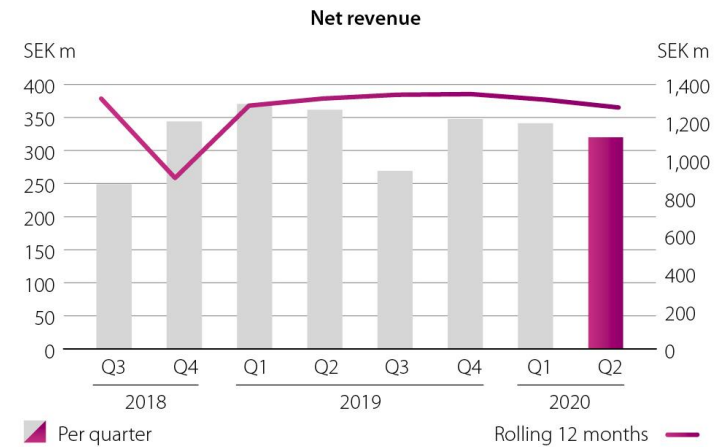
EBITA bridge Q2

- Solid improvements in Civil Engineering & Infrastructure and in Architecture & Management
- Systems impacted by a weaker demand, especially within Industry & Energy
- Positive impact by efficiency measures and cost reductions from activities in 2019



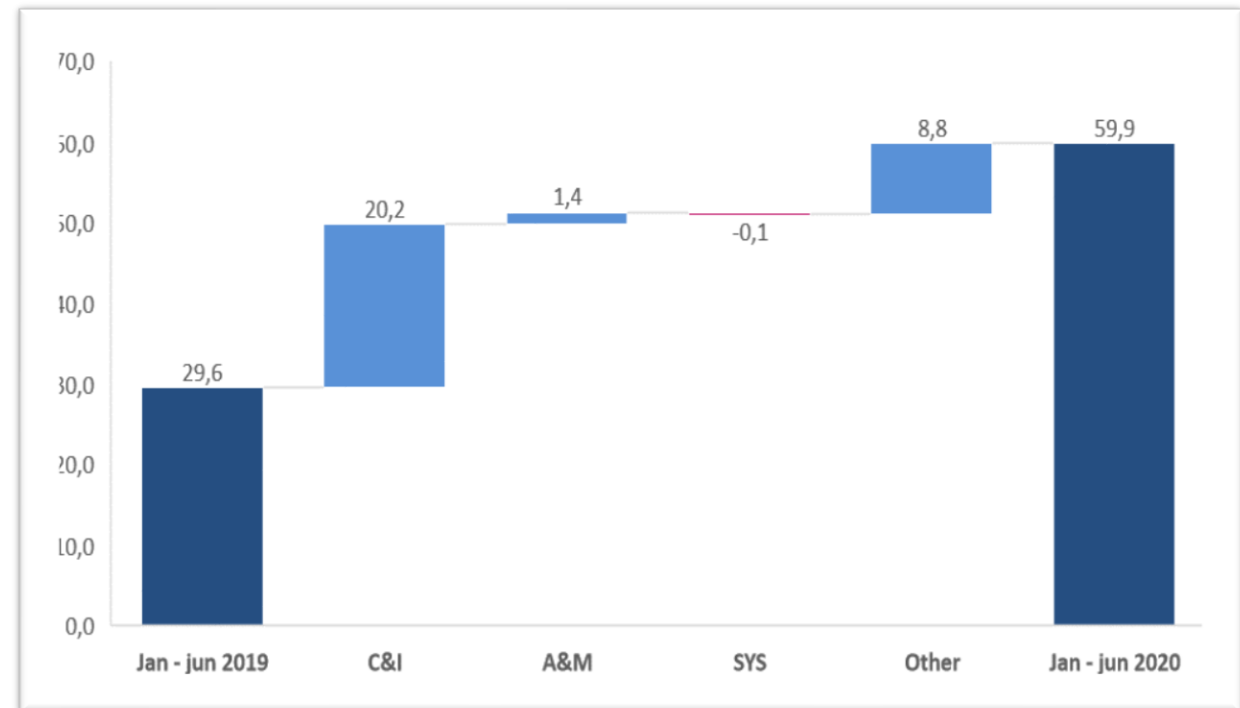
Group financial summary January – June

- EBITA increased to 59.9 SEK (29.6) million
- EBITA margin was 9.1 (4.0) %
- Net revenue decreased 10 % to SEK 661 (732) million due to staff reductions during 2019 in underperforming units and effects of covid-19



EBITA bridge January – June

- Strategic initiatives delivering in line with plan
- Solid performance in all business areas
- Systems more affected by the covid-19-pandemic, especially within Industry & Energy



Covid-19 impact and measures

- Gradually weaker market conditions from the latter part of March
- Remote work, increased digitalisation and collaboration
- Covid-19 financial impact of approximately SEKm -18 on revenue and SEKm -6 on EBITA
- Implementation of short-time work for 200 employees corresponding to approximately 60 FTE of which:
 - 21 in Architecture & Management
 - 6 in Civil Engineering & Infrastructure
 - 26 in Systems
 - 7 in SG&A
- Subsidies during Q2 amounts to SEKm 9.7

Architecture & Management

- 5.8 (1.4) % EBITA margin
- -15 % revenue
 - Organic -15 %
 - Acquired 0 %
- Lower revenue due to staff reductions in 2019 and 2020
- Challenging market conditions in the sector
- Further cost and sales initiatives taken to adjust to local market conditions

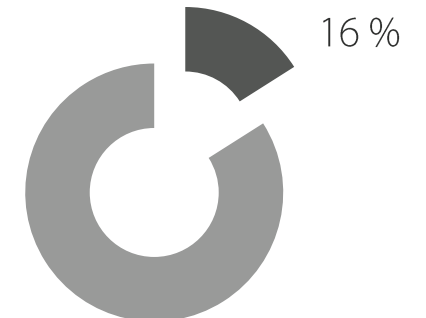
Division summary

SEK million	3 months		6 months		12 months	
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	83.6	98.1	174.3	201.3	369.3	342.3
Total growth, %	-14.8	-11.2	-13.4	-1.2	-5.0	-
EBITA	4.8	1.3	6.5	5.0	-8.6	-7.1
- EBITA margin, %	5.8	1.4	3.7	2.5	-2.3	-2.1

Share of revenue*



Share of EBITA*



Civil Engineering & Infrastructure

- 15.8 (5.2) % EBITA margin
- 19 % revenue growth
 - Organic 19 %
 - Acquired 0 %
- Successful sales efforts and integration of acquisitions
- Positive revenue and earnings trend in infrastructure
- Solid order backlog

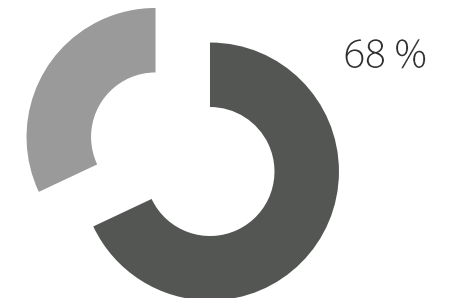
Division summary

SEK million	3 months		6 months		12 months	
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	132.7	111.7	255.9	227.7	427.1	455.3
Total growth, %	18.8	81.2	12.4	8.2	70.7	-
EBITA	21.0	5.8	34.4	14.3	8.6	28.7
- EBITA margin, %	15.8	5.2	13.4	6.3	2.0	6.3

Share of revenue*



Share of EBITA*



Systems*

- 6.4 (7.7) % EBITA margin
- -21 % revenue
 - Organic -21 %
 - Acquired 0 %
- Lower revenue due to staff reductions within Industry & Energy in 2019 and 2020
- Stable revenue and earnings contribution from other business areas

Division summary

SEK million	3 months		6 months		12 months	
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	Rolling 12 mths
Net revenue	114.7	146.0	251.2	299.4	553.1	505.0
Total growth, %	-21.4	-7.3	-16.1	-3.1	-8.5	-
EBITA	7.3	11.3	20.5	20.6	15.5	15.4
- EBITA margin, %	6.4	7.7	8.1	6.9	2.8	3.0

Share of revenue**



Share of EBITA**



*All numbers are proforma including Industry & Energy

Strong Cash flow and reduced Net debt

- Cash flow from operations generated SEKm 88.7 (63.9) in Q2
- Cash conversion 99 % (excl. Δ NWC)
- Net debt SEKm 278.6 (390.9)
- Net debt exclusive IFRS 16, SEKm 160.7 (241.1)

SEK million	3 months		6 months		12 months
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating activities					
Profit/loss after financial items	24.3	11.1	47.2	21.5	-36.9
Adjustments for non-cash items	19.5	28.0	40.6	48.4	113.5
Tax paid	-4.4	-3.1	-10.1	-3.6	-6.2
Cash flow before changes in working capital	39.5	36.0	77.7	66.3	70.4
Cash flow from operating activities	88.7	63.9	129.2	49.8	77.6
Cash flow from investing activities	-0.2	-11.2	-3.6	-30.7	-35.6
Cash flow from financing activities	-28.5	-68.5	-88.2	-72.6	-122.1
Cash flow for the period	60.0	-15.8	37.3	-53.5	-80.2
Cash and cash equivalents at end of period	66.0	55.5	66.1	55.5	28.8

Market demand

- The overall demand for PEs services is stable but with regional differences
- Long-term demand driven by societal development trends



Urbanisation



**Digitalisation &
Automation**



Sustainability

Priorities ahead

- Adapt to covid-19 market situation
- Delivering the highest customer value
- Profitable growth
 - Create an efficient base and one PE
 - Secure margin improvements and leverage
 - Organic growth
- The best workplace



*We renew society through innovative
and sustainable solutions*

New CEO appointed

- Helena Hed appointed new President and CEO
- Currently works as Managing Director of Sweco Management
- 15 years of experience in various managerial roles within the Sweco Group
- Succeeds Per-Arne Gustavsson in January 2021



Summary and outlook

- Significant EBITA margin uplift to 9.7 %, back to targeted level
- Uncertain market situation short-term, although with strong underlying market trends
- Readiness to launch further mitigating initiatives if and when needed
- Agile and focused on market and collaboration
- Priorities ahead – One PE, secure margins and leverage, growth

Q & A
